

## NACC NRM Submission to the Productivity Commission Review of the Future Drought Fund



NACC NRM is one of 54 regional Natural Resource Management (NRM) organisations around Australia, and one of seven in Western Australia.

Regional NRM Groups, were originally established in the early 2000s with support from the Federal Government to implement NRM activities across Australia. At establishment, each Regional NRM worked extensively with the regional communities to develop a detailed Strategic NRM Plan identifying the natural assets and their threatening processes across the entire region, and identified management actions required to maintain the health of the assets into the future.

NACC NRM is governed by a skills-based Board of Directors elected from our 500+ individual members and we are the custodian of the NAR Regional NRM Plan (NARvis) which outlines region-wide strategic NRM priorities and opportunities for investment. NACC NRM also partners with the Federal Government to deliver legislative obligations and national priority work in securing Australia's natural and human capital through the National Landcare Program.

NACC NRM's **Purpose** is to ensure that the Northern Agricultural Region community values and actively protects our region's natural capital, consistent with the Visions and Goals of NARvis.

Our **Way**, is *Catalysing Community Conservation* through passionate delivery of collaborative on-ground projects and education.

Our **Impact** will be that the health of the natural resources and environment of the NAR are improved.

We work to maintain healthy and productive country that supports viable communities and industries, covering the whole continent.

NACC NRM has been operating since 1995 and since that time has continued to enhance and protect the natural environment and our biodiversity through several iterations of national programs and various state government institutional arrangements. NACC NRM continues to deliver NRM activities through contributions from state and federal government along with private investment.

### **Executive Summary:**

Broadly, NRM WA considers that the Future Drought Fund is an appropriate mechanism to allocate funding to a known and persistent threat affecting a broad range of stakeholders. It is a useful example of how other threats affecting our natural resources could be managed.

NACC NRM shares values and aspirations well aligned with FDF especially around environmental resilience. NACC NRM has contributed to various Future Drought Fund programs and have experiences across the scope of programs across rural, regional and remote parts of Western Australia which are the basis for our feedback.

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1. NACC NRM has had the opportunity to contribute to the delivery of activities under several Future Drought Fund programs and our learning from this experience is shared through this submission.
2. There is potential to 'better fit' governance and program delivery across the entire network of Australian Government NRM related programs and initiatives, including the Future Drought Fund. A review of the governance and delivery mechanisms with a view to 'better alignment and increased leverage opportunities' to clearly differentiate roles across NRM programs, FDF and broader networks would be beneficial.
3. The Future Drought Fund would benefit from a broadened scope of resilience with a changing climate.
4. A renewed focus is needed for the Environmental Resilience Stream. This should consider how the FDF will lead the delivery of long-term outcomes in terms of preserving natural capital while also improving productivity and profitability and using a whole-of-system approaches to managing natural resources, long-term productivity and landscape health. A clear line of sight is needed between the FDF investment and the desired environmental impact, and agricultural landscapes being functional and sustainable i.e. with healthy natural capital. We note that this is a complex challenge due temporal and spatial issues. However, this impact is fundamental to the success of the FDF as the economic and social impacts are highly unlikely to provide resilience for our rural, regional and remote communities if landscapes are not functional.

## Responses to consultation questions

### **Are the funding principles, vision, aim, strategic priorities, and objectives of the Funding Plan appropriate and effective?**

The Funding Plan is a well-considered document and the funding principles, vision, aim, strategic priorities, and objectives are appropriate. It is still early days and while there is evidence that the Funding Plan is creating change, there has been considerable effort and resources in establishing the Fund and foundational systems and processes, and the objectives are long term, and broad in scope.

Attributing change in agricultural sector performance, natural capital, and community wellbeing to the FDF (effectiveness) may prove possible at whole of region scale and in the longer term. In the meantime, the MEL framework will guide collection of relevant data and information and stories of successful projects and changes can be captured. It is too early to tell whether many aspects of the plan have been effective and for many aspects of the plan there is an opportunity to identify improvements, recognising the role of this review.

The principles are extensive, and we consider several are key to identifying opportunities for improvement. These are as follows.

- Not duplicate or replace existing Commonwealth, state, territory or local government funding programs, and improve the coordination or integration of existing Commonwealth Government policies, frameworks and programs where they meet the Fund's purpose.
- Consider the incremental, transitional and transformational opportunities needed to strengthen drought resilience and encourage innovative proposals.
- Deliver programs through an end-user focus and, where possible, a community-led, co-design, and/or end-user approach.
- Where appropriate, use or collaborate with existing community networks, Indigenous organisations and communities, natural resource management organisations, industry and farmer groups.

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## **Do the programs, arrangements and grants focus on the right priorities to support drought resilience? If not, what should the programs, arrangements and grants focus on and why?**

NACC NRM has actively contributed to Future Drought Fund Plan, Programs and Processes in WA by:

- participating in Future Drought Fund Plan consultation sessions and roundtables;
- providing access for the Hubs (research on sustainable agricultural practices) to NACC NRM networks and rich knowledge and experience in sustainable agriculture, climate change communication;
- delivering projects under the Natural Resource Management Drought Resilience Program — Landscapes stream;
- leading the delivery of a Regional Drought Resilience Plan for Mid West pilot region;
- leading delivery of Geraldton Node of the SW West WA Drought Hub.

The priorities as outlined in the Drought Resilience Funding Plan are appropriate and suggestions for improvements are focussed more on opportunities for improvement in delivery mechanisms.

Some re-consideration of the allocation of funding between program areas may increase the effectiveness of delivery across the three objectives. There is a definite skew of programs toward increased profitability and economic resilience with far less focus on social resilience and a sustainable natural environment. A holistic approach would enable greater outcomes.

There is a need to further embrace variability across Australia, across institutions, regional agricultural and social systems, and across whole of landscapes.

It may be beneficial to revisit priorities and program allocations when Regional Drought Plans are complete. Alignment of program delivery with Regional Drought Plans may identify differentiated opportunities across the country. We note however, that it is important that Regional Drought Plans acknowledge and identify synergies with other current plans in the region, such as Disaster Risk Mitigation Plans, Regional NRM Plans, and other social and environmental plans. This recommendation is also considered to maintain community engagement post planning, converting momentum gained into positive drought resilience action.

The natural resource management grants have been well coordinated and projects are underway. The safe-fail approach to these grants was well regarded by end-users working in highly variable and unpredictable landscapes. Increasing the emphasis on this area of the program will achieve the longer-term outcomes of food security and landscape protection.

The experience of regional NRM groups in WA with the Drought Hubs has been unsatisfactory. The intent of the Hubs is commended and supported, however the implementation approach has not met expectations. These include issues with real and perceived duplication of services and reliance, and insufficient acknowledgement of NRM Regional Organisation networks, capacity, reach, contacts and events. Despite repeated offers of access to background information and details of projects undertaken by NACC NRM to inform the priority project areas for WA, this information was not used to inform planning adversely affecting the impact and efficacy of the program. As a Node lead NACC NRM was afforded an opportunity to review the list of priority projects once selected by the Hub and was contracted to engage stakeholders to garner their viewpoints. While this did afford some opportunity to provide feedback, the rich collection of NACC NRM knowledge was not fully utilised.

Some of these shortcomings may be attributed to Hub capacity. Conversely sufficiently skilled and knowledgeable staff exist at NACC NRM and indeed across the NRM WA network that could have mitigated these limitations if meaningful engagement was used. Inadequate governance arrangements or

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fiscal independence from State government entities, and the institutional locations and their culture have influenced the culture of the Hub and the ability to deliver programs. These need to be reviewed and improved for future activities.

Programs targeting farmers need to be communicated more clearly, to avoid them being inundated with opportunities leading to confusion about what is on offer, the requirements of those opportunities and applicability. NACC NRM is a trusted source of information by farmers and a preferred source of information over government or universities. The value of trusted sources of information for landholders, cannot be underestimated in the context of achieving transformational change.

NACC NRM has successful experience in delivering and supporting peer-to-peer supported learning. This requires facilitation and with operational funds to support trialling and demonstration projects. We need to ensure investment and projects are designed around effective and on-going support for farmers.

### **Should the scope of the Fund be broadened to support resilience to climate change? Why or why not?**

It is appropriate for the scope to be broadened to climate change. The southwest of Western Australia is not formally categorised as being in 'drought' according to existing definitions but recent work conducted by WA as part of Regional Drought Resilience Planning and technical analysis via a Drought Vulnerability Assessment suggests that indicators of 'drought' need to be aligned to fluctuations and trends in specific geographic locations. For example, although South West WA is not recognised as being in 'drought' the region has suffered the most severe long-term reductions in water availability in Australia. Conversely and perversely, increased sporadic and localised summer flooding also greatly impact some areas in the State. A broader scope would allow for localised geographic impacts to be better incorporated and addressed.

The broadening of scope has been partially addressed through the various Streams released by FDF, that seek to support a variety of sectors through different mechanisms with distinct funding priorities, however some stakeholders remain disengaged due to their concerns being outside of scope or a confusion about the scope of each stream.

This broadening of scope, will likely encourage a wider cohort of land managers to engage with the program and review or change their practises on-farm. Targeted FDF landholder engagement has identified a distortion in the understanding of a drying climate (as evident in the South West of WA) vs Drought. Some landholders have not engaged with FDF because they don't believe they are in drought despite experiencing contracted rainfall and increased intensity and number of hot days.

Many strategies designed to enhance natural capital and increase farming productivity will also enhance resilience to other effects. These include climate variability, movement of species due to drying, warming climate, increased (agricultural and environmental) pests and disease risks. A broadening of scope will provide further incentive to map current investments in Climate Change with the FDF and identify a more appropriate boundary for the FDF and leverage opportunities.

### **How could the Fund enhance engagement with and benefits for Aboriginal and Torres Strait Islander people?**

Engaging with Aboriginal and Torres Strait Islander people and delivering benefits is an intent of the program. There is much to be gained in supporting Indigenous leaders in this area, identifying opportunities for co-design of projects and considering the impacts of drought and climate change on Indigenous communities and their wellbeing. Some priority examples from traditional custodians in the NAR are access to water and landscape rehydration as well as impacts of drought on traditional practices and cultural sites.

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There are three key requirements for enhancing engagement:

- Make more of existing organisations and networks and leverage trusted relationships to engage more effectively.
- The purpose is clear and there is opportunity for co-design.
- Sufficient time and resources are allocated for these engagement purposes.

### **What opportunities are there to enhance collaboration in planning and delivering drought resilience initiatives, including with state and territory governments?**

As the foundational systems, processes and delivery mechanisms are considered by this review, strategic consideration of opportunities for adjusting delivery mechanisms and partner and network roles is strongly recommended.

The Drought Hubs, for example, have proven a major investment and most are in establishment phase and are yet to deliver full value. Suggested areas for continued improvement involve identifying opportunities for increased efficiency and effectiveness (considering capacity and capability across all organisations in the network, including NRM Regional Organisations) and differentiating roles more clearly and adjust program delivery to increase opportunities for leverage (and stronger engagement).

An opportunity for greater collaboration (with State and Australian Governments) would be co-investment (NRM regional scale) natural asset data to support decision making and provide access to markets. This can also support private investment into nature repair, carbon, and sustainability. One example of this private investment is NACC NRM's work with landholders in the NAR to revegetate and protect threatened species.

### **Are there any other changes needed to improve the effectiveness of Part 3 of the Act? Who needs to do what to make those changes happen?**

At the time of this inquiry, there are many pressing NRM matters that require attention from the Australian Government and which may well enable greater efficiencies and stronger achievement of intended outcomes for the Future Drought Fund.

- High priority is the role of Regional NRM organisations and NRM planning in environmental markets, including the ERF and carbon market, and the emerging biodiversity market particularly the Australian Government's Nature Repair Market.
  - Regional NRM planning provides a way to provide a landscape-scale approach to help minimise perverse outcomes and maximise benefits, and to manage cumulative and cascading effects. The regional approach was established because previous project-based initiatives were seen to be delivering uneven outcomes, and were not at a sufficient level needed to bring about whole of system and whole of landscape change. Regional NRM planning is conducted with the regional community therefore representing community priorities to multiple environmental concerns, including climate change.
- NRM Regional organisations continue to be charged with delivering biodiversity outcomes and it is important that Regional NRM Planning be embedded in the changes to the EPBC Act and establishment of environmental standards.
- A next step in the ongoing reform of the way that water is managed in Australia via further National Water Reform and potential roles of Regional NRM planning in informing water management.
- There is a pressing need to address biosecurity issues and particularly the environmental impacts of pests and diseases in an integrated way. These provide a cumulative impact during drought and are often neglected in management solutions.

We recommend adjusting the long-term governance of the FDF to involve all the NRM Ministers (Agriculture, Climate Change, Water, Environment, Indigenous). The current arrangements include only

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Agriculture Ministers and may skew the focus of the Fund and potentially miss synergistic interactions across a range of Australian and State Government programs and initiatives that address climate change, biosecurity, environment, water, and agriculture.

NACC NRM is a willing partner committed to assisting the Australian Government to achieve effective responses to drought and climate change. NACC NRM works with all interested land managers and collectively with our NRM regional group partners, we cover the entirety of Western Australia. NACC NRM has extensive community and land manager networks and can use these relationships to drive achievement of multiple environmental, agricultural, social and economic outcomes. We look forward to working with the Australian Government to bring our significant knowledge and skills to develop a complete solution for our future climate-related threats.

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